

REMARKS/ARGUMENTS

Claim Rejections – 35 USC § 103

The Examiner has rejected claims 1-7 under 35 U.S.C. 103(a) as being unpatentable over Shkedy '024, in view of Early Payments and further in view of Storey '012, and the Applicant respectfully requests that the examiner reconsider the rejection based on the points, authorities and arguments set forth below.

The Applicant requests the Examiner reconsider the rejection because there is absolutely nothing in the Shkedy '024 Patent reference which suggests or teaches that it can or should be combined with "Early Payments", or with Storey '012. The Shkedy '024 patent is directed to a bilateral multi buyer-driven multi-seller driven system, and not an incentive program for existing members with whom there is an existing installment payment relationship – it has nothing to do with that. There would be no reason to look to an online buyer-seller market system for an incentive program for installment payments.

The Shkedy '024 reference would be wholly inadequate for an incentive program for installment contracts, and the overwhelming case authority, as well as the Manual of Patent Examining Procedure (MPEP) indicate that if the proposed modification renders the prior art unsatisfactory for its intended purpose, it cannot be combined (MPEP 2143). Furthermore, if the proposed modification changes the principle of operation of the

reference, then the teachings are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959).

The Examiner has not pointed out any suggestion in Shkedy '024 that the Shkedy '024 could even be adapted to go beyond a buyers and sellers market online and authentication system. The Examiner has further failed to establish a *prima facie* case for obviousness as it appears that an installment payment system is outside the scope and contemplation of the subject matter of the Shkedy '024 reference system. Consequently an incentive system for installment payments would be one step further removed.

There is no suggestion or teaching in Shkedy '024, a binding online marketplace, to completely move away from the objects (Column 3) and add installment payments, and then to go one additional leap and provide incentives for timely payments thereof. It is also well settled law that if the reference does suggest the desirability of the combination and therefore, the Examiner has not met the minimum required showing for *prima facie* obviousness.

MPEP 2143.01 provides:

The mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re: Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990).

The Federal Circuit has several times expressly addressed the issue of how to evaluate an alleged case of *prima facie* obviousness to determine whether it has been properly made. Thus, *In re: Geiger* stated in holding that the PTO "failed to establish a *prima facie* case of obviousness:

Obviousness cannot be established by combining the teaching of the prior art to produce the claimed invention, absent some teaching, suggestion or incentive supporting the combination. *ADC Hospital Systems, Inc. V. Monteffore Hospital*, 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984).

In the U.S. Court of Appeals for the Federal Circuit case of *In Re: Lee*, 61 U.S.P.Q. 2d 1430, decided January 18, 2002, the Federal Circuit held:

... Thus, when they rely on what they assert to be general knowledge to negate patentability, that knowledge must be articulated and placed on the record. The failure to do so is not consistent with either effective administrative procedure or effective judicial review. The Board cannot rely on conclusory statements when dealing with particular combinations of prior art and specific claims, but must set forth the rationale on which it relies.

The examining attorney has therefore failed to meet the requirement to set forth with specificity the general knowledge in the art to enable a

finding that the person having ordinary skill in the art would make such combination.

As the PTO recognizes in MPEP 2142:

The legal concept of *prima facie* obviousness is a procedural tool of examination which applies broadly to all arts. It allocates who has the burden of going forward with production of evidence in each step of the examination process.... The Examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness. If the Examiner does not produce a *prima facie* case, the Applicant is under no obligation to submit evidence of non-obviousness.... The initial evaluation of *prima facie* obviousness thus relieves both the Examiner and Applicant from evaluating evidence beyond the prior art and the evidence in the specification as filed until the art has been shown to suggest the claimed invention.

The above arguments and reasons why there has been a failure to establish a *prima facie* case, apply to all of the independent claims, and to the claims that depend upon them, namely claims 1-7.

The Applicant therefore respectfully requests that the Examiner reconsider the rejection, and issue a notice of allowability.

Prior Art Made of Record and Not Relied Upon


The Applicant notes the prior art made of record but not relied upon and asserts that for the reasons set forth above, the claims are allowable over the art made of record.

Conclusion

Applicant therefore submits Claims 1-7 are in a position to proceed to allowance.

Respectfully submitted,

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